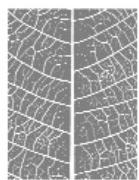


Critical Issues Facing the Arts in California

A Working Paper from The James Irvine Foundation

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the **James Irvine** foundation
Expanding Opportunity for the People of California



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Foreword

Since its inception in 1937, The James Irvine Foundation has been a consistent funder of the arts in California. Our foundation's sustained commitment to arts and culture organizations across the state, combined with the many changes we have observed recently in California's artistic and cultural communities, led us to embark on a project earlier this year to examine the forces, trends, and challenges facing California's arts sector today.

The Irvine Foundation retained AEA Consulting to complete the first phase of this project, intended to elevate the key issues critical to the future of California's arts sector. The working paper that follows describes the initial findings from this first phase, based on a set of interviews with arts leaders across the state as well as a review of the relevant literature.

California is a wellspring of artistic and cultural innovation and creativity and is on the forefront of many of the developments in this sector. This is cause for pride and celebration. However, the sector also faces real challenges to its future viability. This working paper describes five key themes which, if not addressed, may threaten the health and well-being of the sector going forward. As a result, the working paper deserves close consideration. Our approach to these issues here in California may well inform how those outside of the state manage similar challenges.

To identify potential approaches to address these challenges, we are now circulating this working paper to a broad set of constituents. We have also commenced the second phase of this project, which intends to gauge whether these themes resonate in the arts community, to outline possible implications, to identify additional quantitative research that is needed, and to surface recommendations for the field. In this next phase, we will actively engage other arts funders, artists, arts administrators, and cultural and policy leaders throughout the state. As one of our approaches to gather feedback, we invite readers of this document to offer their comments through a Web site designated to encourage dialogue about the working paper. The Web site address is www.californiaculture.blogspot.com, and comments will be accepted until October 31, 2006.

As one of our many obligations as a public service institution, The James Irvine Foundation seeks to draw attention to issues critical to California's future and to contribute to identifying solutions to the challenges facing our state. The continued health and vitality of California's arts and culture sector is one such critical issue, and we hope that this working paper — and the activities it engenders — will lead many of us to tackle head-on the challenges and opportunities facing the arts community today. California's arts sector deserves no less.



James E. Canales
President & CEO
The James Irvine Foundation

Overview

In January 2006, The James Irvine Foundation hired AEA Consulting to identify the critical issues facing the cultural sector in the state of California and illuminate the implications of these issues for the sector's long-term health and vibrancy. The Foundation initiated this work in order to inform its efforts to strategically address the challenges facing California's artistic and cultural community.

This project was designed as a two-phase process. The first phase, conducted between January and June 2006, was a qualitative exercise consisting of consultations with a small advisory committee (listed in Appendix A), an extensive literature search (bibliography in Appendix B), interviews with a cross-section of cultural leaders (listed in Appendix C), and preparation of a written report on the initial findings and recommendations for further action. Structured as a "working paper," this document is the conclusion to the first phase of work. It outlines the most serious challenges facing California's cultural sector, issues that must be addressed to ensure a sustainable and healthy cultural ecology for the future.

AEA Consulting has focused the bulk of its analysis on nonprofit cultural organizations because, for the last 40 years, they have been understood by foundations and government leaders as the primary delivery mechanism for the cultural experience. The conclusions of our preliminary research caution against assuming that this is still true, or that it will be true in the future. In fact, the research suggests that nonprofit arts organizations are only one of many elements in California's complex system of arts and culture today, and are likely to become increasingly peripheral as the modes of creating, delivering and consuming artistic content and experience are affected by large-scale changes in the broader environment. The nonprofit arts and cultural sector is facing major, permanent, structural changes brought on by technological advances, globalization and shifting consumer behavior. The process of helping the sector adjust to these changes and develop a more sustainable cultural ecosystem must be built on a common understanding of the larger environmental context and the evolving dynamics of cultural provision and consumption.

Before discussing the five key issues which have emerged as priorities for the future health and vitality of the cultural sector of California, this section gives a brief overview of the context in which this paper was commissioned.

The cultural sector does not exist in a vacuum. Currently, it is being challenged by major demographic, economic, technological and social factors outside its immediate control. While the commercial arts and individual artists are also struggling to adapt to these changes, for a variety of reasons the nonprofit arts sector has been particularly slow in reacting effectively. A preliminary look at some major trends suggests that the future of the arts is likely to be neither conclusively negative nor positive, but certainly different than it has been in the past. It is critical that future decisions by individual artists, organizations, funders and other policymakers be made in context of global and local realities.

BROADER CONTEXT FOR CULTURE

The changing demographics of California are significant for the future production and consumption of arts and culture. The population of California is both growing and becoming more ethnically diverse. California is experiencing the largest growth in Latino and Asian populations of any state in the U.S., and its white population is now a minority. These trends are more acute in California than the rest of the U.S. — 26 percent of the state's residents are foreign born (compared to 11 percent of the U.S. population as a whole), including 68 percent of its Asian population and 47 percent of its Latino population.¹ In addition, 20 percent of California residents speak English “less than well” in the home, compared to 8 percent of the U.S. as a whole.²

As well as growing faster, California’s non-white population is proportionally much younger than its white counterpart. This is particularly true for Latinos, due to the demographics of immigration and higher birth rates in this group. Whereas approximately 20 percent of the white population in California is over 65, this is true for only about 4 percent of the Latino population. About 36 percent of California’s Latinos are under 18, compared to about 20 percent of the white population.³ These trends suggest that California is likely to become even more diverse over the coming years.

California has both some of the wealthiest and some of the poorest communities in the Western world.⁴ As more wealthy people seek real estate in California’s coastal areas, the cost of living is rising and lower and middle income residents are moving inland. The substantial migration from the coastal areas to inland communities is causing a rapid increase in population in areas that do not yet have the infrastructure to handle it.

Many of those moving to the interior are new immigrants, particularly from Mexico and Central America, creating large communities in areas that were formerly sparsely populated and mostly white. San Bernardino, Riverside and Imperial Counties were 75 percent white in 1990, 62 percent in 2000 and the white population is expected to be in the minority by 2010.⁵ Currently one out of 10 Californians lives in the Inland Empire. It is the fastest growing region in California and one of the fastest in the U.S. The region’s population is expected to reach over 5 million in 2020 (and according to the most recent Census, it is already more populous than 25 states in the country). This region is one of the poorest and least-well educated in the state, although there are also an increasing number of middle-class home buyers looking for affordable real estate outside of the coastal cities. There is job growth in the region, however it is not enough to keep up with the expanding

¹ U.S. Census. In Powerpoint “021024-SW-JF7 Strategic Planning Data” from The James Irvine Foundation.

² Public Policy Institute of California, 1990 data. In Powerpoint “021024-SW-JF7 Strategic Planning Data” from The James Irvine Foundation.

³ U.S. Census. In “021024-SW-JF7 Strategic Planning Data” PowerPoint from James Irvine Foundation.

⁴ O’Donnell, Jeri. Ed. “The Threat From Within.”

⁵ Cherny, Andrei. “The New California: Demography is Destiny in the Golden Gate.” U.S. Census.

population, and many of the available jobs are low paying or require long commutes to coastal communities.⁶

Income levels in California are widely disparate by demographic group, although these generalities mask the wide diversity within all racial and ethnic categories. Latinos and African-Americans are generally on the low end of the earning scale, while Asians and whites are generally at the high end. Twenty-eight percent of the state's Latino population and 24 percent of the African-American population are below the poverty level, compared to 17 percent of the state as a whole and 13 percent nationally. Only 10 percent of the white population is below the poverty level, while 13 percent is in the top 10 percent income bracket.⁷ The income disparity is expected to grow if real wages for the bottom 50 percent continue to decline as they have for the last 20 years, and those for the top 10 percent continue to rise.⁸

Income is tightly linked to educational attainment, and California's Latino population is significantly less likely to be college educated than any other group. African-Americans fall behind in literacy and college readiness. California is facing a significant challenge to prepare its population with the skills and knowledge necessary to sustain itself in the 21st century.

The state is in poor, albeit improving, economic shape to address these challenges. The government is in an extended fiscal crisis and pursuing a combination of spending cuts and borrowing to avoid deficits and correct the enduring structural deficit. This has provided momentum for those who call for downsizing government's role in all sectors, including the arts. Lawmakers are increasingly reluctant to spend money on social services that are perceived as frills, restricting public appropriations to "basic needs." As a result, the last few years have produced significant cuts to funding for higher education, child care, social programs and the arts and culture.⁹

These cuts derive partly from ideological opposition to government spending, but they are also a reaction to the blurring of lines between the commercial and nonprofit sectors. The increasing influence of the market in all spheres of American life is forcing nonprofit sectors traditionally shielded from the marketplace (academic institutions, cultural organizations, nonprofit health providers, for example) to compete with commercial enterprises for customers, societal validation and resources.¹⁰ Whereas 40 years ago, the distinction between nonprofit and commercial entities in all sectors seemed clear, today more and more nonprofits are assuming commercial strategies and vice versa.

⁶ Downs, Anthony. "California's Inland Empire: The Leading Edge of Southern California's Growth."

⁷ PPIC and 2000 Census from Irvine PowerPoint.

⁸ RAND. "The Threat from Within."

⁹ The cuts in support for higher education also have an impact on the arts, as participation rates in nonprofit cultural institutions correlate closely with levels of educational attainment.

¹⁰ Yudice, George. *The Privatization of Culture*.

The traditional rationale for government support — to offset market failures and address issues of equitable access to public goods — no longer seems to apply compellingly to all previously funded nonprofit sectors. This is particularly relevant in the arts, given the dominance of the entertainment industry in the California economy.

Rapid advances in technology and electronic communications are profoundly changing the lifestyle choices of Americans. This trend could affect California profoundly as the state's relatively youthful population quickly adopts new communication tools. Television, radio, computer technology, iPods, DVDs, MP3s, video games, and the new networking capacities of the Internet are transforming the way people work, get information, connect with others, share resources, and build community. The rate of change precipitated by these inventions is likely to increase in the coming decade. We discuss the implications of these developments for the arts in greater depth in the Access chapter of this paper.

ROLE FOR CULTURE

After four decades of expansion and diversification in the number and type of nonprofit cultural providers, encouraged by funding from government, foundations, and individuals, the nonprofit cultural sector now faces serious challenges to its future viability. One of the main threats is a shift in the way the public values culture, both in style and in substance. George Yüdice describes this as a change in the “legitimation narrative” used to justify government investment in the arts from one which valued the arts for their own sake to one which insists that the arts prove their social or economic worth.¹¹ This reflects the extent to which market principles have been integrated into all facets of American life. Increasingly, it is assumed that the market can provide what people want, including cultural experience, and that government should focus exclusively on the services people need that are not provided by the market. Lacking robust data to prove it is essential, and amid increasing doubt that it is in fact so, the nonprofit cultural sector has struggled over the past decade to justify its public value in these terms.

Cultural producers that are able and willing to adjust to changing conditions are succeeding, those that can't or won't are becoming obsolete. Many nonprofit arts organizations, insulated for years from the immediate effects of market shifts, have continued to operate under an outdated understanding of what the general public values. Individual organizations and the sector as a whole have increased fixed costs consistently over the past 40 years by building new facilities and adding programs, even while attendance and earned and contributed revenues remain stagnant or fall.¹² There is now a serious imbalance: the current level of public participation and financial support is not sufficient for what the nonprofit arts sector needs to survive. As a result, increasing numbers of organizations are facing significant financial hardship.

¹¹ Yüdice.

¹² McCarthy, Kevin, et. al. *Performing Arts in a New Era*.

If we use a broad definition of cultural participation, including attending “low brow” cultural events such as movies and street fairs, playing in a garage band or painting on Sundays as well as attending museums, regional theaters and other “high brow” institutions, people’s engagement with the arts is healthy nationwide. Some estimates which include the “unincorporated arts,” defined as community, avocational, or folk arts, suggest that as many as 95 percent of American adults participate in some kind of cultural activity on a regular basis. Many of these activities are by nature more participatory than the traditional nonprofit arts.¹³

Despite remarkable levels of personal engagement in many different kinds of arts activity, audiences at nonprofit arts organizations are generally flat or shrinking, and it is generally accepted that the field of cultural institutions is overcrowded. The nonprofit arts are competing for consumer attention not only with other nonprofit arts groups, but with the full range of commercial and nonprofit leisure options available. The commercial arts sector, once thought to be inferior in quality to the nonprofit arts sector, now serves large parts of the nonprofit sector’s former market. This will be explored in more detail in the Access chapter, but it appears that the era of the nonprofit arts organization’s preeminence in the American cultural landscape is coming to a close.

Enabled by a system that shielded it from the immediate effects of supply and demand, much of the nonprofit arts sector has remained blind to broader trends shaping the creation of and participation in culture. As they see the pulling away of audiences and funders, many cultural nonprofit groups still prefer to believe that the current challenges are a result of a cyclical economic downturn. To the contrary, the evidence suggests that this is a permanent structural change. The environment for arts and culture in California and the rest of the U.S. has irreversibly changed, and the nonprofit arts sector has reached a breaking point where it must adapt to evolving technologies and consumer demand or become increasingly irrelevant. Inaction or “business as usual” is not a viable option. Proactively confronting these challenges and strategically working toward solutions as a sector is the most sensible way forward.

In the following pages, we outline five major factors impinging on the future health and vitality of the nonprofit arts sector that will serve as the starting point for further discussion. These factors are not unique to California, but the paper attempts to lay out their particular relevance for California where appropriate. The issues described in the following pages are inter-related and are best considered together in any discussion of how to foster a vibrant cultural ecology in the state of California.

The section on **Access** discusses how technology has fundamentally changed the production, distribution and consumption of culture and the impact that this is having on the traditional nonprofit cultural institution. **Cultural Policy** explains the need for a shared

¹³ According to researchers Moni Peters and Joni Cherbo. Referenced in Jackson, Maria-Rosario, et. al. *Art and Culture in Communities: Unpacking Participation*.

understanding and compelling arguments about the public value of culture. **Arts Education** explores the history of arts instruction in California public schools and, because of its broad-based public support, its potential as a galvanizing issue. **The Nonprofit Business Model** discusses the failings of the traditional nonprofit business model in the evolving environment and the challenges of providing what artists and the public now want and need. Finally, **The Next Generation of Artists and Arts Managers** explores how the changes in the environment for culture necessitate that artists and arts managers develop new skill sets to be successful.

Taken together, these five issues frame the most important challenges to the future vitality of the arts in California. Addressing them can form the basis of strategic, multipronged interventions that will build and support a healthier and sustainable cultural sector going forward.

Key Issue – Access

As a result of the Internet and other communications technologies, consumers now have access to more information about their cultural choices than ever before and are better informed and more discerning about how they spend their cultural dollar. Television, radio, the Internet, the proliferating array of electronic communication instruments and the global market for culture allow wider and more democratic distribution of artistic offerings and facilitate participation in active as well as passive forms of cultural consumption.¹⁴ Affordable personal and home media delivery systems allow private consumption of high quality, affordable cultural goods and these options are competing more and more successfully with the live experience.

As these technologies allow people to curate their own artistic experiences (what former chairman of the National Endowment for the Arts Bill Ivey calls “the curatorial me”), there is a corresponding growth in specialized products and cultural micro-markets served by for-profit players. Many of the most successful entities in the for-profit cultural market, including Netflix and Amazon, are premised on the idea of appealing to niche markets on a massive scale. Chris Anderson, the editor of *Wired* magazine, refers to this as “the long tail” of cultural consumption.¹⁵ As technology reduces the marginal cost of offering additional products to consumers, these businesses challenge the nonprofits’ assertion that they alone offer high quality art “you can’t get elsewhere.” These new culture-related businesses offer a huge variety of artistic products at price points that are hard to beat. For instance, a MIT study estimated that Amazon was able to offer the user 2.3 million book titles, as opposed to 40,000–100,000 at the typical bricks and mortar bookstore.¹⁶ No one has yet figured out how to translate the long tail business model for the live experience.

The institutionalized nonprofit cultural sector such as museums, theaters, orchestras and ballet companies and traditional corporate cultural providers such as film studios and the recording industry are struggling to manage in this new context, yet artistic creation is flourishing. Applications to arts schools and graduate programs in the arts are at an all-time high.¹⁷ Nationally, these schools enroll more than 500,000 arts majors and graduate more than 100,000 young artists each year.¹⁸ New technologies are making some forms of artistic creation less expensive to produce, even as they make other forms obsolete. An increasing number of artists are successfully self-producing and self-marketing, building wide networks

¹⁴ Cowen, Tyler. *In Praise of Commercial Culture*. Also, Maribel Alvarez. *There's Nothing Informal About It*.

¹⁵ Anderson, Chris. *The Long Tail: Why the Future of Business is Selling Less of More*.

¹⁶ Brynjolfsson, Erik, Michael D. Smith and Yu (Jeffrey) Hu. “Consumer Surplus in the Digital Economy: Estimating the Value of Increased Product Variety at Online Booksellers.”

¹⁷ Van Ness, Elizabeth. “Is a Cinema Studies Degree the New MBA?”

¹⁸ Dempster, Douglas. “American Medicis: Training and Patronizing Professional Artists in American Universities.”

of audiences and supporters through inventive uses of communications technology. For some artists, these new tools have reduced the need for a broker/intermediary to connect them to the market. Many young artists now are rejecting the nonprofit arts sector altogether, and working exclusively through commercial or unincorporated vehicles to develop and present their work to the public. The nonprofit sector is no longer the ultimate arbiter of taste and talent that it once was, especially when it comes to emerging artists, artists working in immigrant communities and those working in media-based art forms.

The vast amount of cultural content currently available intensifies competition for consumer attention, and increasingly audiences expect artistic creators and distributors to be technologically literate, responsive to their personal interests, and constantly generating fresh content. This is a formidable challenge for most nonprofit arts organizations, which are neither organizationally nor financially structured to allow for rapid innovation or hypersensitivity to consumer expectations. Most cultural organizations are not equipped to “personalize” their audiences’ experience in ways that are becoming commonplace in the commercial sector, placing them at a disadvantage in capturing and sustaining customers.

The number of serious amateurs actively engaged in making art (what the British critic Charles Leadbetter calls the Professional Amateurs, or “Pro-Ams”) is rising dramatically.¹⁹ The evidence of this growth can be seen in the escalating sales of various kinds of artistic equipment (pianos, guitars, cameras, film and video editing machines) as well as rise in adult education courses in the arts at community schools, colleges, and nonprofit cultural organizations.²⁰ The International Music Products Association, for example, estimates that guitar sales have tripled in the last 10 years. Dramatic increases in people’s interest in actively participating in the arts and pursuing personal creativity are occurring simultaneously with declines in their appetite for traditional forms of nonprofit arts presentation and interpretation. There are more people making art themselves and fewer buying season passes to theaters, ballets, symphonies and museums.

Some argue that the late 20th-century mode of art creation and consumption was, in fact, an exception, and that we are returning to an earlier, more populist way of experiencing culture that was common in 18th- and 19th-century America. For most of history, people’s cultural experiences were live and often participatory, such as playing music in the home or performing in a community theater production. With the advent of recording and other technologies that facilitated mass distribution, cultural products created elsewhere by professionals became readily available everywhere and gradually eclipsed local and amateur producers. The explosion in the number of nonprofit arts organizations in the late 20th century continued the trend toward the institutionalization and professionalization of art consumption.²¹

¹⁹ Leadbetter, Charles. *The Pro-Am Revolution*.

²⁰ Ivey, Bill and Steven J. Tepper. “Cultural Renaissance or Cultural Divide.” Also, Robert Mannheimer. *Older Adult Education in the United States*.

²¹ Ivey, Bill and Steven J. Tepper.

A parallel but opposing trend is the consolidation of major media and entertainment industries and their attempts to tighten their control over intellectual property and enforce stricter copyright restrictions. The wide access to creative content facilitated by the Internet and digital technologies has had both positive and negative effects. Many artists and creators are enjoying more exposure than ever before, but the proliferation of illegal uses of content has been a subject of much debate. Entertainment industry giants, such as the Recording Industry Association of America, the Motion Picture Association of America and Sony, are aggressively pursuing legislation to protect copyright holders and prevent alternative uses of their content. The counter argument is that such legislation will preserve a system that is no longer relevant, much like the initial rejection of the VCR by the television industry and, if successful, such constraints will stifle future creativity.²²

It is possible that we are experiencing a unique period of relatively free access to arts and culture, which may or may not last as legislation catches up with technology. The outcome is uncertain, but there is bound to be some negotiation of the nearly unlimited access to digital and online content currently enjoyed by consumers and creators. Depending on the outcome, we may see less diversity in available artistic content and fewer opportunities for new or emerging artists.²³ It is inevitable that new innovations in technology will continue to change the way that culture is created, distributed and consumed. It is also inevitable that those that do not understand and adapt to the changing realities will be left behind, something that both the entertainment giants and nonprofit arts organizations are beginning to learn.

²² For a more in-depth discussion of this issue see "Download this Article" at <http://wwwaeaconsulting.com/site/platformv4i2c.html>.

²³ Ibid.

Key Issue – Cultural Policy

The state of California, like most states in the U.S., lacks a coherent cultural policy to guide the strategic development of the field and maximize public and private investments at both state and local levels. Cultural policy encompasses the tools and strategies that guide government actions taken on behalf of the general public. This includes direct appropriation of resources, as well as legislation, regulation, tax incentives and other mechanisms.²⁴ California has many policies on its books regarding the arts (authorizing legislation for the California Arts Council, statewide mandates for arts instruction in schools, public radio and television licenses, special funding initiatives and tax provisions, for example). However, for the most part these policies inter-relate only coincidentally, and public agencies rarely collaborate in a strategic way.²⁵ In certain realms, such as intellectual property, the lack of a focused and strategic voice for the public interest means that commercial interests tend to win any debate.

The nonprofit cultural sector in California is made up of numerous actors with divergent priorities. These include artists, educational institutions, businesses, community organizations, public agencies as well as nonprofit cultural organizations. In addition, there are numerous state-level agencies that focus on the sector. Public entities whose work affects the cultural sector include the California Arts Council, the Office of Historic Preservation, the California Cultural and Historic Endowment, the Department of Education, and the California State Office of Tourism, and numerous private organizations such as the California Council for the Humanities, the California Association of Museums, the Alliance for California Traditional Arts and others.

But California lacks an overarching policy framework to guide and maximize the various agencies' work. Responsibility at the state level is fragmented,²⁶ and few of the agencies involved are focused on the long-term development of the sector. As one informant for this study suggested: "Investments in the arts are not strategic, they don't take the long view. We fund the things that will give us a fix and a flash in the short-term. If we were more strategic, we would invest more heavily in arts education, participatory and amateur sector activities, technology and long-distance engagement systems and other functions that would build appetite and demand for the arts long-term."

The welter of interests, personalities and organizational egos makes shaping cultural policy in California difficult. It makes cultural advocacy in the state even more so. The existence of three arts advocacy groups — the California Alliance of Local Arts Agencies, the California Arts

²⁴ Dwyer and Frankel. *Policy Partners*.

²⁵ Beene, Melanie. "California Cultural Policy Landscape."

²⁶ Ibid.

Advocates and the California Alliance for Arts Education — testifies to the challenges of shaping multi-faceted but unified advocacy at the state and local levels. Despite the presence of the three advocacy groups, California is ranked 50th in per capita funding for its state arts council and is the only state that required full subsidy to implement the Americans for the Arts' CAP-WIZ electronic advocacy software.

Since the 1960s, the conversation about cultural policy has been dominated by nonprofit institutions, which have been the major beneficiaries of public support.²⁷ Because of the dominance of this one segment of the sector, cultural policy has been focused primarily on increasing financial appropriations to nonprofit cultural organizations, rather than on the broad array of institutional and non-institutional supports needed to provide wider access and build universal recognition of the value of the arts and culture among diverse publics. This type of policy can only be developed by people with a broad mandate to serve the public interest and equipped with specific policy skills. It cannot be achieved piecemeal by the efforts of certain interest groups and in response to appropriation crises.

While policy is not coordinated, a recent report from the California Association of Local Arts Agencies (CALAA) demonstrates the interlocking fortunes of policy bodies at the state and local levels. Local arts agencies have been seriously impacted by funding reductions at the California Arts Council. Since January 2005, 20 of the CAC's 57 local arts council partners have closed or completely eliminated staff, most notably eight of those serving rural regions.²⁸

Unlike their public policy work in other sectors such as the environment, health, education and social services, private funders in California have invested relatively little in policy work in arts and culture. This has seriously hampered the sector's ability to generate a rationale for public support that is compelling to legislators and the general public. As one funder said, "The philanthropic community has failed to provide leadership on cultural policy and it is impossible for the arts organizations to do it by themselves. This is the central issue for the cultural sector, from which all other issues fall." Currently, the nonprofit arts lack the essential policy arguments available to many other sectors, including a broad-based consensus about its public value, acceptance of the legitimacy of public support due to market failures in making it broadly and equitably available, a solid causal model of the effects of investment, and standardized evaluative measures for success.

The first step toward developing a coherent cultural policy is to determine what the public values about arts and culture sufficiently to warrant public appropriation, and through what mechanisms those public goods are best provided. One challenge in doing this is the major shift in the rationale used to justify public support of the arts (and other social goods and services traditionally provided by the nonprofit sector) that has occurred in the past

²⁷ Moore, Mark H. and Gaylen Williams Moore. *Creating Public Value Through State Arts Agencies*.

²⁸ California Association of Local Arts Agencies. 2006 Survey.

15–20 years. Funding for the National Endowment for the Arts was justified during the Cold War on the basis that the U.S. needed to be a leader in the realms of ideas and culture as well as military might. With the collapse of the Berlin Wall and the end of the Cold War, capitalist values and the market’s “prove your worth” ethos now prevail. As a result, the justification for public support of the arts has shifted from intrinsic to instrumental — art for art’s sake to art for utilitarian purposes.

The arts sector has taken a pragmatic approach to explaining its instrumental contributions to social and economic goals, but the rhetoric is often not backed by evidence. As the market is increasingly used as the arbiter of value, the nonprofit arts are finding it increasingly difficult to prove themselves in these terms. As one person we interviewed put it, “People in California appreciate the benefits of the arts, but they no longer believe (if they ever did) that the arts are a public responsibility.”

Good policy should be informed by good research. Here, too, the nonprofit cultural sector falls down. There is a lack of objective, reliable data about the arts sector.²⁹ This is true, in part, because the cultural field has relatively few dedicated researchers compared to other nonprofit fields such education, health and social services. It is also because the impact of the arts and culture is difficult to measure. In the competitive environment in which the cultural sector now finds itself, this lack of information about value and impact leaves the sector vulnerable to claims that it is expendable, at least in terms of public funding. Additional research is needed on long-term trends facing California’s populace and the role of the cultural sector and its component parts in serving that population. A number of states (Maine, Oregon, Arizona and others) have made headway in developing compelling, comprehensive cultural policies. Additional work in this area can help Californians build a consensus on the public value of the arts, and set priority public policy goals.³⁰

²⁹ DiMaggio, Paul and Stanley Katz. *The State of Cultural Policy in America: A Perspective*.

³⁰ Moore, Mark and Gayle Williams Moore. Also, Christine Dwyer. *Policy Partners*.

Key Issue – Arts Education

Recent polls in a number of California communities indicate that a majority of adults (as many as 90 percent in the Santa Clara County, for example, and close to 99 percent in San Diego) would like to see their children receive meaningful arts education.³¹ These sentiments cross all lines of education, income and ethnicity. Some surveys suggest that parents think arts instruction should be required, and would support as much as 3–4 hours of arts instruction per school week. In addition, academic research clearly shows that the arts contribute in many ways to students' academic achievement, engagement with learning, motivation, and social skills. Involvement in the arts has a positive, demonstrable impact on children's self-esteem, curiosity, creativity, and ability to collaborate with others.³² It has related positive impacts on the teachers and administrators involved with strong arts education programs.³³

Studies have also shown that exposure to the arts at the elementary and high school levels is a significant determinant of adults' subsequent participation in the arts.³⁴ Involvement with artists and opportunities to learn different artistic disciplines while in school predisposes people to stay actively involved in the arts through adulthood and partake of cultural offerings of various kinds. Many assert that the universal presence of arts education programs in schools (curriculum-based programs as well as extracurricular activities such as school bands, drama and art clubs, and student literary magazines) is an essential prerequisite for ensuring demand for the arts in the future.³⁵ It is also fundamental to creating a society that values and supports the arts for its intrinsic aesthetic and humanistic qualities as well as its instrumental social, economic and political benefits.

The character of the arts experience also counts. Research demonstrates that schools need programs that help them meet educational goals and work within the constraints of nationally-mandated educational standards. Arts organizations and artists can be active partners, but to be effective the relationship must be structured so that it serves the goals of both the schools and arts organizations. Teachers are the critical link, but they are often under-equipped to integrate the arts into school curricula because they were not exposed to the arts during their own elementary, high school, and professional educations. The involvement of influential segments of the community — parents, local businesses, civic

³¹ Kreidler, John and Philip J. Trounstein. *Creative Community Index. pARTicipate San Diego: The Case for Increased Patronage for Arts and Culture in the San Diego Region.*

³² Catterall, James. "Arts and the Transfer of Learning." Horowitz, Robert and Jaci Webb-Dempsey, "Promising Signs and Positive Effects: Lessons from Multi-Arts."

³³ Levine, Mindy N. *Surdna Art Teachers Fellowships: Exploring SATF Impacts.*

³⁴ Bergonzi, Louis, and Julia Smith. *Effects of Arts Education on Participation in the Arts.* Also, Richard J. Orend and Carol Keegan. *Education and Arts Participation: A Study of Arts Socialization and Current Arts-Related Activities.*

³⁵ Heath, Shirley Brice. "Dimensions of Language Development." *Cultural Processes of Child Development: The Minnesota Symposia on Child Psychology.*

leaders, and local arts organizations and artists — is important for sustaining arts education in schools over the long term. The key to serving the needs of students is to build integrated and sustained arts curriculum in the schools, rather than offer isolated field trips and arts-exposure experiences.³⁶

Despite public opinion polls and advocacy efforts, arts education remains a low priority in California public schools and is provided unevenly around the state. This is due to the conflicted history of arts education in California public schools as well as unfavorable current conditions. Arts instruction in the state was dealt two nearly lethal blows in the 1970s. The Ryan Act of 1970 eliminated the arts course requirement for elementary teachers and in 1978, Proposition 13 effectively eliminated arts instruction in most public schools.

Since then, there has been no effective statewide effort to establish comprehensive, sequential arts education in public schools, a vital element of the state's arts ecology. Arts education policies and funding in California have been erratic. With the passage of Proposition 98 in 1988, block grants to schools allowed for support of arts and music programs, at local option. In 1992, in an initiative spearheaded by then-State Representative Willie Brown, the Local Arts Education Partnership promulgated guidelines for the inclusion of the arts in school curricula. Since 1996, the Partnership — a jointly administered program of the state Department of Education and the California Arts Council — has made grants of up to \$20,000 to local arts agencies or non-profit arts organizations to partner with a school district or county office of education. The program is legislatively mandated and awards approximately \$500,000 each year in funds derived from sales of the California Arts License Plate.³⁷

Between 2000 and 2003, the California Arts Council also offered grants for education programs totaling \$10 million each year in a special appropriation by Governor Gray Davis. This program was eliminated when the Arts Council's budget was slashed by 90 percent in 2003. Between 1997 and 2003, the Department of Education offered a competitive grants program, Arts Work, which distributed \$3 million to \$6 million a year in grants of \$25,000 to schools to develop and implement arts programs.³⁸ This program was de-funded in 2005 and 2006. At the peak years of Arts Council and Education Department funding (2000–2003), the explicit allocation for arts education amounted to \$16.5 million, a relatively modest amount to cover the state's 1,056 school districts and 9,087 individual schools (which serve more than 6.4 million students).³⁹

In 2001, the Department of Education established content standards for the visual and performing arts, and in 2004, the Department published a Visual and Performing Arts

³⁶ Rowe, Melissa K. et al. *Arts Education Partnerships: Lessons Learned from One School District's Experience*.

³⁷ Local Education Arts Partnership, www.cde.ca.gov.

³⁸ From California Alliance for Arts Education, www.artsed411.org, "History of Legislation Affecting Arts Education in California."

³⁹ California Department of Education, www.cde.ca.gov, "Fingertip Facts on Education in California (2002–2003)."

Framework for teachers. In 2004 also, both the University of California and California State University changed their admission requirements to include at least one year of visual or performing arts, and the California Commission on Teacher Credentialing altered its accreditation standards to require some training in the teaching of the visual and performing arts. It is unclear whether the change in the universities' admission requirement has altered practice at the high school level.

The state's continuing fiscal crisis and restrictions on public appropriations mandated by statewide propositions contribute substantially to the current low level of commitment to arts education. Demanding national mandates such as No Child Left Behind, in effect, give preferential status to the "hard" disciplines of math and science and effectively bar the arts from curricula. Policy is also hampered by a lack of hard data on the actual status and impact of arts education in California schools.

Nearly 30 years after Proposition 13, there are signs that arts education is again becoming a public priority, but investment and efforts are disparate and disconnected. A variety of arts education programs exist, but because they are neither comprehensive nor mutually reinforcing and are quixotically funded and de-funded, there is widespread perception that California public school children are not receiving enough, if any, meaningful instruction in the arts.

There are some new initiatives that offer hope for arts education. *Arts for All: Los Angeles County Regional Blueprint for Arts Education* is a partnership of the LA County Arts Commission and LA County Office of Education (and 48 other collaborating agencies) to implement sequential K-12 arts education in all LA County schools. In Oakland and Alameda County, a year of planning conducted by a countywide network of school district and arts organization professionals has led to the Arts Is Learning Anchor School Initiative, an education reform effort in 15 schools in three districts that will make arts learning available to all students. These and other curriculum-based, multi-year and multi-partner projects are important pilots.

These pilot programs will be boosted by the William and Flora Hewlett Foundation's new effort to compile comprehensive information on the extent and quality of arts education in public schools, the policies governing public instruction in the arts, and successful models. Hewlett's initiative will also build a coalition of education and arts advocates to craft an agenda for reform. As of June 30, 2006, the 2007 Fiscal Year budget approved by the State Legislature proposal includes \$105 million for ongoing arts and music education and \$500 million for one-time block grants to purchase equipment for the arts, music, and physical education. The California Arts Council is slated for an increase of approximately \$700,000, raising its total allotment to \$5.1 million.

Key Issue – The Nonprofit Business Model

Three important phenomena shaped the development of the nonprofit cultural sector in the U.S. in the 20th century. Advances in recording technology allowed previously transitory art experiences (music, dance, theater, visual art) to be captured and distributed on a mass scale. The widespread distribution of these cultural products — films, records and radio programs, in particular — unified people's cultural experiences, and began to overshadow local and vernacular art forms and providers. The decisions of moguls who controlled Hollywood and the commercial arts industries, and the leaders of the growing number of nonprofit arts organizations in urban centers, shaped the tastes of people in widely dispersed communities. And the millions of amateurs that had enjoyed active engagement in the arts (and, for some, local celebrity for their talents) in the 19th and early 20th century were eclipsed by a new cadre of arts professionals that standardized the acceptable canon and socialized audiences to become passive consumers.⁴⁰

The number of arts professionals has grown exponentially in the past four decades as a result of a number of factors including the rise in access to higher education, calls to public service that influenced the career choices of young people coming of age in the late 1960s, rising prosperity, and the growth of arts organizations.⁴¹ Encouraged by public and private funders, tens of thousands of new organizations were created and cultural facilities built or expanded to house them. This was explicitly encouraged by the Ford Foundation in the 1960s, which funded the development of cultural organizations outside the established cultural centers of New York, Boston, Chicago and San Francisco. It was further stimulated by the policies of the National Endowment for the Arts, the state arts agencies, and national and local private foundations. It is estimated that in the early 1960s there were only a few thousand nonprofit arts organizations in the United States. Today there are approximately 50,000,⁴² with nearly 10,000 in California alone.⁴³

The supply-side drive to expand the number of nonprofit arts facilities and diversify nonprofit cultural providers has produced many benefits for American communities, artists and audiences, including award-winning presenting halls and museums, expanded employment opportunities for artists and arts managers, community and economic development efforts, and wider access to diverse presentations in the visual, performing and literary arts. However, the 40-year push to create more nonprofit arts organizations has not been accompanied by an equally powerful and effective drive to generate demand for their programs and services. Often, cultural facilities have been built or expanded without a

⁴⁰ Ivey and Tepper, *Cultural Renaissance or Cultural Divide*.

⁴¹ Kriedler, John. *Leverage Lost*.

⁴² Urban Institute 990 datasets.

⁴³ University of San Francisco Institute for Nonprofit Organization Management, 2000.

realistic assessment of the audience demand for their programs or analysis of the impact of these facilities on the local cultural ecology. Thousands of organizations have been created to fulfill the artistic dreams of their founders, without regard to long-term sources of financial support or audience interest.

The paucity of arts education in public schools has diminished children's early exposure to art and has had negative effects on adults' engagement with cultural organizations. In addition, the explosion of cultural options over the past 30 years (particularly mass media such as films, music and literature), and the availability of new electronic modes of experiencing the arts (cds, iPods, dvds, satellite radio, cellphone technology, inexpensive home recording and video-making equipment, Internet, etc.), make it increasingly easy to participate in the arts outside of traditional nonprofit cultural venues. Younger consumers, immigrants, working class people and those with little formal education are particularly likely to look beyond conventional nonprofit arts organization for their arts experiences.⁴⁴ The traditional nonprofit system is not well equipped to understand or accommodate changing consumption patterns.

Shielded from some aspects of the marketplace by government and philanthropic support, most nonprofit cultural organizations are not well-informed about their current or potential audience. Operating independently from consumer interests and demands is no longer a viable option as the field of cultural providers becomes more crowded and support more scarce. Funders and public policy makers increasingly require evidence that the programs arts organizations provide relate to what the audience desires. *The California Arts Audience Research Project* — commissioned by the Walter & Elise Haas Fund, The William and Flora Hewlett Foundation, and The James Irvine Foundation — argues that those organizations that have most successfully increased audiences and sustained those increases are ones that exhibit both a willingness to change programming in response to consumer interests and a commitment to continuous improvement in engaging their audiences in ways that build brand identity and customer loyalty. Such organizations have integrated market research into their program decision-making — researching constituents' values and programming to their interests and consumption preferences, selling tickets more aggressively and inventively, cutting back on product to increase demand, refining their niche, using the web and dropping subscriptions, among other strategies.⁴⁵

Changes in private philanthropy are also affecting the business model of nonprofit arts organizations. The increasing tendency of private foundations to give program grants rather than operating support, often funding only the marginal costs of programs over a short period of time, encourages arts organizations to initiate projects they cannot sustain.

⁴⁴ Walker, Chris and Kay Sherwood. *Participation in Arts and Culture*. 2002. Also, National Endowment for the Arts Survey of Public Participation in the Arts.

⁴⁵ Stevens, Louise K. *California Arts Audience Research Project*.

Similarly, the relatively few foundations that provide capital grants rarely complement those commitments with support for endowment or program reserves. This encourages organizations to expand fixed costs without a corresponding increase in predictable operating revenue. As one person interviewed said, “There’s an inverse relationship between what cultural organizations need and what funders want to support. We need operating support and capital support and funds to continually upgrade our core business. Funders focus on projects, and often don’t support the full costs of those.” These and other shifts in funding trends, including declines in support of the arts among all philanthropic sectors — foundations, corporations and private individuals — pose significant threats to the sector. Individual giving may be further threatened if the inheritance tax is eliminated.

The number and size of nonprofit arts organizations now exceeds available public and private sources of support. Some assert that this is a passing phase, another dip in the economic cycle of boom and bust that the arts community has experienced before. But increasingly cultural leaders and funders are realizing that this “pinch” is not a cyclical downturn but a permanent, structural change. The basic revenue model for nonprofit arts organizations is eroding as the values that underpinned it shift. Public funding at federal, state and local levels is declining (in California, very precipitously), and overall philanthropic and corporate funding for the arts is not growing and in many places is being reduced. Sequential surveys of corporate and foundation funding in Los Angeles County, for example, show significant overall drops.⁴⁶ Earned income from audiences is not making up the difference, as attendance patterns remain static or decline. Meanwhile, because of the increasing costs of live artistic production, arts organizations are becoming ever more expensive to run. The income/expense sheet for most organizations does not balance.

The RAND Corporation’s study, *The Performing Arts in a New Era*, predicts that the largest organizations will continue to mitigate funding pressures by programming “blockbusters” that can attract large audiences, although this may be unsustainable over the long term. RAND also suggests that mid-sized organizations may suffer the most from evolving conditions as talent becomes more expensive, funding more competitive and audiences decrease. Mid-sized organizations are not able to attract the talent and audiences that the larger and more prestigious organizations can, and at the same time they are burdened with administrative structures that smaller organizations don’t have.

These trends will affect all 10,000 nonprofit cultural organizations in California, but because of the variations in their purpose, size, support levels and geographic location, they will affect organizations differently. It is hard to generalize, particularly because the sector has not been rigorous about consistent data collection. However, interviews with diverse cultural leaders in California suggest that the smallest cultural groups, which are the least

⁴⁶ *Arts in the Balance: A Survey of Corporate, Foundation and Government Arts Funding in Los Angeles County* indicated that private funding declined 13% between 1998 and 2002, and an update on this survey to be published later this year reports an additional 23% drop since 2002.

likely to receive significant amounts of contributed income, are most dramatically affected by cuts in public funding.

As one cultural leader we interviewed suggested, “The biggest cultural groups have capacity but they are facing structural deficits; the smallest groups are suffering most from the loss of public funding but they are the most nimble; and mid-sized organizations are overly dependent on foundation money and need to build both audiences and their donor base of operating support. And then there are the artists, who lack adequate training, housing, workspace, insurance, and access to technology. We’re all in a bind.”

Nonprofit cultural organizations have been slow to generate new business models in response to these trends. Many are still increasing their fixed costs (often with the encouragement of private and public funders) at a time when operating income to cover those costs is becoming increasingly difficult to generate. Meanwhile, many emerging artists and cultural entrepreneurs are eschewing the 501(c)3 nonprofit model in favor of other organizing structures such as S corporations, artists’ collectives, sole proprietorships, and unincorporated forms that better fit their needs and the current economic climate. Creative entrepreneurs are no longer taking the nonprofit model as a given and instead are working through a variety of temporary and hybrid structures that best support their work.

Key Issue – The Next Generation of Artists and Arts Managers

As Marshall McLuhan famously quipped 30 years ago, “The future ain’t what it used to be.” The nonprofit arts sector is changing and increasingly competitive, and neither its current managers nor the next generation of leaders are being prepared to respond strategically and effectively to changing conditions.

The skills needed for effective arts leadership today are complex and numerous. They include board development and management, program design and administration, strategic planning and financial modeling, public relations and advocacy, marketing and branding, education, real estate development, commercial licensing, capital formation and fundraising, as well as a talent for diplomatically balancing the interests of diverse constituencies and responding to the changing regulatory environment in the wake of Sarbanes-Oxley. This is a tall order to fill (which may help explain why the average tenure of a museum director is three years).

The majority of current leaders of nonprofit cultural institutions have no formal management training. Most started in the arts field because of their love for and talent in one or several arts disciplines and they have learned how to run their organizations on the job. There are only 40 degree-granting masters programs in arts management nationally (graduating about 600 individuals per year), and while “executive sessions” offered by business schools and professional associations can be helpful, they are not universally available and do not substitute for sustained, up-to-date professional management education and entrepreneurial skill development.

In addition, because of its relatively low wage scales, the nonprofit cultural sector is losing existing talent to the better-paying for-profit creative industries like design and architecture and, sometimes, other non-arts fields that are interested in recruiting creative people trained to think “outside the box.” As more commercial entities enter the arenas previously inhabited only by the nonprofit sector, nonprofit organizations are losing their status as the exclusive province of artistic quality. Employment options are emerging in a widening array of creative industries, such as film and television, video games, fashion design, graphic design, computer and website design. New entrants no longer need to discount their labor and sacrifice a living wage to satisfy their artistic interests and inclinations.⁴⁷ Neither is the sector attracting sufficient numbers of capable young people to replace the generation of cultural leaders that will retire in the next 10–15 years. The Bridgespan Group’s recent report on leadership transition suggests that as many as

⁴⁷ Kreidler, John. *Leverage Lost*.

1.2 million new senior managers will be needed in the nonprofit sector by 2016.⁴⁸ This figure for the nonprofit arts sector in California is likely to be in the tens of thousands.⁴⁹

It is not just lack of adequate compensation that is turning young entrepreneurs and creative workers away from the nonprofit arts. The sector is perceived as being insufficiently open to new ideas, innovations and working styles, and most nonprofit organizations are not as technology savvy as young professionals now expect and demand. To paraphrase a recent speech by the former director of Theater Communications Group, Ben Cameron, leadership today requires a very different set of skills than it did in 1961, or even 1991. Attracting the next generation of leaders to the nonprofit sector will require rethinking what is offered in terms of access to decision-making, professional development and compensation opportunities. Attracting the leaders of tomorrow is only half the problem; the field must shape organizations nimble and effective enough to sustain their commitment.⁴⁹

Artists are, of course, a critical part of the arts ecology. The number of professionally trained artists has exploded in the last three decades, growing from approximately 700,000 in 1970 to over 2 million in 2000. Estimates vary, but Labor Statistics suggest there are as many as 700,000 professional artists living in California today.⁵⁰ An increasing number of these people are not going into the arts sector as it is traditionally known. Artists have always moved between the commercial, nonprofit and informal or unincorporated sectors to seek audiences, inspiration and income, but a growing percentage of young artists are eschewing employment in the nonprofit arts altogether to take jobs in the more lucrative commercial realm. The blurring of boundaries between the commercial and nonprofit arts means that artistic talent will go where it is most highly valued and able to reach its desired audience. But as one interviewee suggested, “We need to attend to the demand side and help artists develop their entrepreneurial skills, but we can never forget the importance of investing in the brilliant new work of artists who may never have a big market but are, nonetheless, seminal … the Merce Cunninghams and Robert Irwins and Joan Towers.”

In addition, creative and media skills are increasingly appreciated by other sectors with little relationship to the arts, including IT, marketing and politics. A New York Times article reported last year, “a degree in cinema studies is the new MBA.”⁵¹ Artists, particularly those with training in visual media and theater arts, are being recruited as creative talent in a range of commercial fields. This again suggests that society is moving from a paradigm where the arts are considered as a discrete realm to one where artistic and creative principles, such as critical thinking, creative innovation and aesthetic judgment, are found useful more widely. If broad-based appreciation for art and creativity is the goal, this can be considered a

⁴⁸ Tierney, Thomas. *The Nonprofit Sector's Leadership Deficit*.

⁴⁹ Cameron, Ben. "Leadership Succession/Organizational Transformation."

⁵⁰ Jackson, Maria-Rosario, et. al. *Investing in Creativity: A Study of the Support Structure for U.S. Artists*. Also, Bureau of Labor Statistics.

⁵¹ Van Ness, Elizabeth.

positive development. However, if young artists can take their degrees to corporations in both the creative industries and other fields and earn substantially more than they will in the nonprofit arts sector, the challenges facing nonprofit organizations are further compounded.

The way arts schools and training programs prepare artists needs to take into account the new demands of this 21st-century environment. Artists have always needed entrepreneurial skills, but this is magnified in today's workplace. Technology can facilitate self-marketing and self-production, but it also intensifies the competition for "market share," and makes it more critical that artists possess entrepreneurial and management skills as well as artistic ones. Art schools must train artists not only in the technical dimensions of their art forms, but also in marketing, financial management, career planning, network development and other skills that will enable them to succeed in the marketplace.

These facts suggest that while the ecology for artists has never been divided cleanly into for- and non-profit segments, increasingly the two segments are interdependent in the development of creative talent, and would be well served by working together more strategically to support and develop creative human resources. Several interviewees suggested that this is particularly true in Los Angeles, where the nonprofit arts sector is able to thrive as it does because of the other opportunities for artists to support themselves through work for the entertainment industry. The nonprofit arts sector provides opportunities for young artists to hone their craft before they venture into the commercial sphere, and allows more senior artists to refresh their talents away from the glare of commercial interests. Both the for-profit and nonprofit culture industries have a stake in each other's continued vitality.

Conclusion

Home to 90,000 arts-related businesses, California's creative industries employ more than 516,000 people, the most of any state in the nation. California has over 10,000 nonprofit cultural institutions that attract more than 71 million attendees annually. Four out of 10 of the cities with the largest concentration of artists in the country are in California. In addition to its cultural assets, California possesses a highly diverse population representing cultures from around the world and an economy larger than all but five nations. Innovative solutions to the challenges proposed in this working paper will lever these rich cultural and artistic assets in California. If investments and policies are shaped strategically and informed by solid information about key trends, there is every reason to believe that the state will continue to be one of the most dynamic and generative environments for culture in the world.

The underlying causes of the sector's current condition are complex and many decades in the making. The six months of interviews and analysis that went into this paper are insufficient to understand all the dimensions of California's cultural ecosystem. More research and analysis about the contemporary context for culture is needed, as well as more debate about and refinement of desirable strategic interventions. The goal of this working paper is to spur a fresh and comprehensive discussion among the many entities that will shape this sector in years to come. To stimulate discussion and reflection on the health and vitality of the cultural sector, the Irvine Foundation will distribute this paper broadly to interested parties and vet the issues in detail with an array of cultural leaders, foundation executives and policy-makers.

As part of our effort to gather feedback and reactions from a broad collection of individuals with diverse perspectives, we have also established an online tool for readers to share their thoughts. We invite you to visit www.californiaculture.blogspot.com to add your ideas; comments will be accepted through October 31, 2006.

Debate and discussion, and additional research and analysis, will refine the issues presented here and hone the most important intervention points for ensuring a more sustainable future. This consensus may then serve as an overarching framework for a planning process involving the public and private sectors at both state and local levels. It is hoped that the conversations and planning may lead to original approaches and new collaborative strategies that will improve the prospects of the sector, and further strengthen its contributions to the citizens and communities of California.

Appendix A: Advisory Committee

Michael Alexander, Artistic Director, Grand Performances

Paula Castadio, President and CEO, Valley Public Television

Susan Clark, Executive Director, Columbia Foundation

Moy Eng, Program Director, The William and Flora Hewlett Foundation

Nancy Glaze, Director, Arts Program, David and Lucile Packard Foundation

John Killacky, Program Officer, Arts and Culture, San Francisco Foundation

Amy Kitchener, Executive Director, Alliance for California Traditional Arts

Cora Mirikitani, President and CEO, Center for Cultural Innovation

Claire Peeps, Executive Director, Durfee Foundation

Peter Pennekamp, Executive Director, Humboldt Area Foundation

Josephine Ramirez, Vice President, Programming and Planning, Music Center, Los Angeles

Jerry Yoshitomi, Chief Knowledge Officer, Meaning Matters

Laura Zucker, Executive Director Los Angeles County Arts Commission

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Appendix C: Interviews

Judy Holme Agnew, Bay Area Video Coalition, San Francisco
Michael Alexander, Grand Performances, Los Angeles
Kenneth Brecher, Sundance Institute, Santa Monica
Ben Cameron, Theater Communications Group, New York
Julie Carson, Irvine Fellowships in Dance, Dance USA, Los Angeles
Paula Castadio, Valley Public Television, Fresno
Susan Clark, Columbia Foundation, San Francisco
Deborah Cullinan, Intersection for the Arts, San Francisco
Hugh Davies, Museum of Contemporary Art, San Diego
Moy Eng, The William and Flora Hewlett Foundation, Menlo Park
Brad Erickson, Theater Bay Area, San Francisco
Michael Fields, Dell'Arte, Blue Lake
Nancy Glaze, David and Lucile Packard Foundation, Los Altos
Heather Hitchens, Meet the Composer, New York
Leslie Ito, Visual Communications, Los Angeles
John Killacky, San Francisco Foundation
Maria-Rosario Jackson, Urban Institute, Washington, DC
James Kass, Youth Speaks, San Francisco
Amy Kitchener, Alliance for California Traditional Arts
John Kreidler, Cultural Initiatives Silicon Valley, San Jose
Steven Lavine, California Institute of the Arts, Valencia
Nancy Marquez, Arte Americas, Fresno
Carlos Martinez, Fresno Art Museum
Cora Mirikitani, Center for Cultural Innovation, Los Angeles
Claire Peeps, Durfee Foundation, Los Angeles
Peter Pennekamp, Humboldt Area Foundation, Eureka
Frances Phillips, Walter & Elise Haas Foundation, San Francisco
Josephine Ramirez, Los Angeles Music Center
Jerry Yoshitomi, Meaning Matters, Port Hueneme
Laura Zucker, Los Angeles County Arts Commission

Contributors

AEA Consulting's mission is to help the cultural sector to make informed strategic choices in the face of economic, social, technological, and political changes. Its grasp of these issues and commitment to the sector has allowed the firm to work with many leading and leading-edge cultural organizations and their stakeholders throughout Europe, the Americas and Asia, helping them to define, plan and achieve their long-term goals.

Founded in 1990, AEA maintains offices in New York and London. Its closely integrated international team places staff who have held senior positions in arts management alongside colleagues with backgrounds in public policy, business and financial, economic and market analysis. This unusual combination of perspectives has enabled the company to complete well-grounded, successful assignments that have effected lasting organizational improvement for its clients — performing, visual and literary arts organizations, public and private funders, policy makers, and educational institutions. For more information about AEA Consulting, visit www.aeaconsulting.com.

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the **James Irvine foundation**
Expanding Opportunity for the People of California

575 MARKET STREET
SUITE 3400
SAN FRANCISCO, CA 94105
415.777.2244

865 SOUTH FIGUEROA
SUITE 2308
LOS ANGELES, CA 90017
213.236.0552

WWW.IRVINE.ORG